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# A Comparative View of the Law of Trademarked Generic Words

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Legal systems in a large number of jurisdictions enforce exclusive rights to words claimed as trademarks.<sup>1</sup> Sound economic reasons underlie this widespread and ordinarily perpetual protection.<sup>2</sup> Properly functioning trademarks reduce distribution and transaction costs by providing a shorthand means of distinguishing the products of one producer from those of another.<sup>3</sup> Furthermore, by encouraging manufacturers to maintain a constant quality level for goods sold under a particular mark,<sup>4</sup> such trademarks reduce consumer search costs<sup>5</sup> by eliminating the need to make repeated inquiries regarding product quality.<sup>6</sup> Finally, trademarks aid in creating consumer demand by fa-

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1. More than 130 jurisdictions provide for trademark registration. Common-law protection of unregistered marks is also available in a number of countries. See 1 J. GILSON, TRADEMARK PROTECTION AND PRACTICE § 9.01, at 9-2 (1980); TRADEMARKS THROUGHOUT THE WORLD (A. Greene ed. 1981).

2. See generally Folsom & Teply, *Trademarked Generic Words*, 89 YALE L.J. 1323, 1333-46 (1980) (discussing economic aspects of trademarks).

3. See F. SCHERER, INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCE 327 (1970).

4. See Folsom & Teply, *supra* note 2, at 1336 & n.77 (explaining the incentives).

5. In addition to the cost of time and transportation required to purchase a product and the actual price paid, the total product cost includes the cost of prepurchase "search" activities whereby consumers acquire knowledge of the location of sales outlets, comparative prices, viable substitutes, and product quality. *Id.* at 1334-35. See generally Nelson, *Information and Consumer Behavior*, 78 J. POL. ECON. 311 (1970); Stigler, *The Economics of Information*, 69 J. POL. ECON. 213 (1961).

6. Scherer illustrates these savings with the simple example of the "conscientious housewife" who would otherwise "have to make repeated inquiries about products susceptible to quality or taste variations, asking whether a particular product was good, what its

cilitating product advertising.<sup>7</sup>

While these economic benefits justify protecting the numerous properly functioning trademarks,<sup>8</sup> legal systems providing such protection face two common problems. First, a properly functioning trademark may degenerate into a generic word that identifies a product genus, *i.e.*, a product class or type, not merely its source.<sup>9</sup> Second, a manufacturer may attempt to remove an existing generic product name from the public domain by extensive use, advertising, and association of that name with the manufacturer.<sup>10</sup>

In both instances, conflicting policy considerations arise when the trademark claimant seeks to enforce exclusive rights to the mark in question. On one hand, it seems unfair to deprive the trademark claimant of the goodwill that has come, often at great expense, to be associated with the mark.<sup>11</sup> To the extent that consumers rely on the mark for source significance, their expectations will be frustrated if use of the mark is not protected from encroachment by competing sellers. Consumers will also suffer an economic loss if they mistakenly purchase a competitor's product that is of an inferior quality, sells for a higher price, or both. On the other hand, when a seller's exclusive mark functions generically, consumers may be confused and unable to effectively identify marketplace alternatives. In some circumstances, consumers

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distinguishing characteristics were, and perhaps . . . whether she might try a sample." F. SCHERER, *supra* note 3, at 327.

7. Product advertising and other promotional activities provide, *inter alia*, information about anticipated experiences and product quality. By intimately tying trademarks into such advertising, buyers have a ready means of identifying products that have the desired advertised characteristics. See 1 J. MCCARTHY, *TRADEMARKS AND UNFAIR COMPETITION* § 3:5, at 96 (1973).

8. See, e.g., S. REP. NO. 1333, 79th Cong., 2d Sess. 4, reprinted in 1946 U.S. CODE CONG. & AD. NEWS 1274, 1275 (summarizing the economic benefits justifying federal registration and protection of trademarks in the United States). See also Lunsford, *Consumers and Trademarks: The Function of Trademarks in the Market Place*, 64 TRADE-MARK REP. 75, 95 (1974).

9. See generally L. HOLMQVIST, *DEGENERATION OF TRADE MARKS* (1971) (discussing degeneration under French, German, English, American, and Nordic trademark law).

10. See 1 J. MCCARTHY, *supra* note 7, § 12:2, at 409-10; 1 J. GILSON, *supra* note 1, § 2.09[2], at 2-84, -85 (discussing such attempts under United States law).

11. Such a concern is frequently mentioned in the case law. See, e.g., *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577, 581 (2d Cir. 1963) ("No doubt [holding an originally valid trademark as being generic] can be . . . harsh . . . for it places a penalty on a manufacturer who has made skillful use of advertising and has popularized his product"); *Weiss Noodle Co. v. Golden Cracknel & Specialty Co.*, 290 F.2d 845, 848 (C.C.P.A. 1961) ("[It is] distressing to contemplate a situation in which money has been invested in a promotion [of a generic word] in the mistaken belief that trademark rights of value are being created"). See also *infra* note 119 (justification of "protective" provisions of British trademark law).

may be reluctant to risk buying a product when the familiar trademarked generic word or words do not appear on the package or the product.<sup>12</sup> Competitors may thereby be placed at a significant disadvantage.<sup>13</sup> To the extent that either the seller is relieved from competing on the merits of the products or market entry is discouraged, the trademark holder may be able to reduce its advertising and promotional expenditures, maintain a price premium, or hold a larger market share, all ordinarily to the detriment of consumers.<sup>14</sup>

In this Article, we compare the approaches to these problems taken by the United States and four Commonwealth countries—the United Kingdom, Australia, Canada, and New Zealand.<sup>15</sup> Because of their common heritage, each of these jurisdictions has addressed problems associated with trademarked generic words in a similar context. Exclusive rights to many of the same trademarks have been litigated in the United States and one or more of the other countries,<sup>16</sup> yet these jurisdictions have evolved remarkably different common-law and statutory solutions to genericness issues. These contrasting solutions are critiqued in light of the comparative insights gained from this analysis. This critique is also based, in part, on our prior work on the economic aspects of trademarked generic words, a study of the law of the United States.<sup>17</sup>

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12. Folsom & Teply, *supra* note 2, at 1340-43.

13. *Id.* at 1344-46.

14. *Id.* at 1358.

15. "Commonwealth" in subsequent references should be taken to mean, for purposes of the discussion in this Article, the law of the United Kingdom, Australia, Canada, and New Zealand.

16. See, e.g., *Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921) ("Aspirin" generic in U.S.); *Bayer Co. v. American Druggists' Syndicate, Ltd.*, 1924 S.C.R. 558 ("Aspirin" valid in Canada); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) ("Shredded Wheat" generic in U.S.); *Canadian Shredded Wheat Co. v. Kellogg Co. of Canada*, [1938] 1 All E.R. 618 (P.C.) (Can.) ("Shredded Wheat" generic in Canada); *Shredded Wheat Co. v. Kellogg Co. of Gr. Brit.*, 1939 R.P.D. & T.M. Cas. 137 (H.L.) ("Shredded Wheat" generic in Britain); *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963) ("Thermos" generic in U.S.); *Aladdin Indus. v. Canadian Thermos Prods. Ltd.*, [1969] 2 Can. Exch. 80 ("Thermos" valid in Canada); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896) ("Singer" generic in U.S.); *Singer Mfg. Co. v. British Empire Mfg. Co.*, 1903 R.P.D. & T.M. Cas. 313 (Ch.) ("Singer" valid in Britain); *Dixi-Cola Laboratories, Inc. v. Coca-Cola Co.*, 117 F.2d 352 (4th Cir.), *cert. denied*, 314 U.S. 629 (1941) ("Cola" generic in U.S.); *Coca-Cola Co. of Canada v. Pepsi-Cola Co. of Canada*, [1942] 2 D.L.R. 657 (P.C.) ("Cola" generic in Canada).

17. See Folsom & Teply, *supra* note 2, reprinted in 70 TRADE-MARK REP. 206 (1980) and 1 NAT'L L. REV. REP. 1765 (1980). See also Swann, *The Economic Approach to Genericism: A Reply to Folsom and Teply*, 70 TRADE-MARK REP. 243 (1980); Swann, *Economic Implications of Genericism*, in PRACTISING LAW INST., COURSE HANDBOOK NO. 141, GENERIC TRADEMARKS 245 (1981).

## I. COMMON-LAW DEVELOPMENTS

Unfair competition, "passing off," and trademark infringement actions<sup>18</sup> underwent a critical period of development during the nineteenth century in England.<sup>19</sup> The common law of trademarked generic words was derived from these actions. These origins strongly influenced the manner in which the courts have addressed genericness issues and balanced conflicting interests.

### A. Property Rights, Prevention of Fraud, and the Protection of Good Will

In the leading 1824 case of *Sykes v. Sykes*,<sup>20</sup> the Court of King's Bench permitted a damage recovery at common law when the defendant marked its goods with the plaintiff's trademark, thereby fraudulently inducing the public to suppose the articles were manufactured by the plaintiff. The defendant had sold the articles to retailers with the express purpose that they be resold deceptively.<sup>21</sup> Later, in 1833, the Court of King's Bench held that a plaintiff did not have to prove that special damage had been suffered nor that the goods sold by the infringer were inferior in order to recover damages in a common-law trademark action.<sup>22</sup> Based upon these and subsequent cases, the common law firmly established a right of action for trademark infringement, with fraud as an essential element.<sup>23</sup>

Equity courts began to restrain trademark infringement at about the same time, but developed a different basis for intervention.<sup>24</sup> In the

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18. "Passing off," which is sometimes referred to as "palming off," traditionally was defined as selling a product as the product of another by means of similar labels, packaging, or advertising. More recent definitions limit passing off to the unauthorized substitution of one manufacturer's goods when another's goods have been ordered by a customer. Trademark infringement refers to the unlawful appropriation of another's symbol used to identify and distinguish a seller's goods. Both are now considered to be species of a broader class of activities labeled "unfair competition." Unfair competition includes such matters as theft of trade secrets, use of similar corporate, business, or professional names, false advertising, use of confidential information by a former employee, and other forms of misappropriation or competitive unfairness. See 1 J. MCCARTHY, *supra* note 7, §§ 1:5, 1:7.

19. See generally F. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* 134-43 (1925); T. BLANCO WHITE & R. JACOB, *KERLY'S LAW OF TRADE MARKS AND TRADE NAMES* §§ 1-03 to 1-05 (10th ed. 1972) [hereinafter cited as *KERLY*].

20. 107 Eng. Rep. 834 (K.B. 1824).

21. *Id.* at 835.

22. *Blofeld v. Payne*, 110 Eng. Rep. 509, 510 (K.B. 1833).

23. See *KERLY*, *supra* note 19, § 1-05.

24. *Id.* §§ 1-03, 1-05.

famous 1838 case of *Millington v. Fox*,<sup>25</sup> Lord Cottenham restrained infringement of a trademark even though the defendant had acted in ignorance and without fraudulent intent.<sup>26</sup> The Chancery courts viewed adoption and use of a trademark as creating a property right that could be protected when there was actual or probable deception resulting in plaintiff's injury.<sup>27</sup> Although the exact nature of this property right was debated,<sup>28</sup> it was subsequently recognized that an injunction was not granted to protect property in the word or name used as a trademark, but rather to protect "property in the trade or good-will which will be injured by its use."<sup>29</sup>

## B. Legal Test of Genericness

Equity's emphasis on property rights and the protection of good-will had a profound impact on the formulation of the legal test of genericness. In *Ford v. Foster*,<sup>30</sup> a leading Chancery Appeals case decided in 1872, the plaintiff had invented a peculiarly shaped shirt and had extensively sold it as "Ford's Eureka Shirt." The defendant subsequently sold a similarly shaped shirt as "Foster, Porter & Co's Improved Eureka." The plaintiff sought to enjoin this or any other use of the word "Eureka," and the defendant argued that the word had become *publici juris* or "of public right."<sup>31</sup> In establishing the test for genericness determination, the court considered

whether the use of [the mark] by other persons is still calculated to deceive the public, whether it may still have the effect of inducing the public to buy goods not made by the original owner of the trade mark as if they were his goods. If the mark has come to be so public and *in such universal use that nobody can be deceived* by the use of it, . . . the right to the trade mark must be gone.<sup>32</sup>

Apart from evidence of another competitor's use of "Stroud's Eureka Shirts" on a sign over his door, the evidence before the court on genericness stemmed from the trade and shipping of defendant's shirt.<sup>33</sup> Ap-

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25. 40 Eng. Rep. 956 (Ch. 1838).

26. *Id.* at 961.

27. KERLY, *supra* note 19, § 1-05.

28. *Id.*

29. *Burberrys v. J.C. Cording & Co.*, 1909 R.P.D. & T.M. Cas. 693, 701 (Ch.). *Cf.* 1 J. GILSON, *supra* note 1, § 1.03[5] (discussing trademarks as property and outlining a substantially similar development in the United States).

30. [1872] 7 Ch. 611.

31. *Id.* at 622-23.

32. *Id.* at 628 (Mellish, L.J.) (emphasis added).

33. *Id.* at 624-25.

plying its test, the court enjoined the use of the term "Eureka" on shirts manufactured by the defendant because the public was "still very liable to be deceived."<sup>34</sup> The court, however, did allow the defendant to continue to use the term on price lists and circulars among the wholesale and retail trade because the shopkeepers and other dealers knew "exactly what they [were] dealing in and what they [were] talking about" and thus would not be deceived.<sup>35</sup>

The difficulty a competitor faces under this test is well-illustrated by the 1897 House of Lords decision in *Powell v. Birmingham Vinegar Brewery Co.*,<sup>36</sup> which upheld injunctive relief for the plaintiff. In that case, the plaintiff sold a sauce made according to a secret recipe under the name "Yorkshire Relish." The defendant attempted to compete by marketing an almost identical sauce under the same name. The public had become accustomed to asking for the article by the name "Yorkshire Relish" and expected to receive goods of the plaintiff's manufacture because, up to the date of the defendant's attempted market entry, the plaintiff had been the sole manufacturer of the item. The House of Lords rejected the defendant's argument that it had clearly identified itself as the manufacturer and that it was merely selling a commercial article using the only name by which it was known.<sup>37</sup> "Yorkshire Relish," the court held, was not in such universal use that no one could be deceived.

Since 1950, genericness defenses in the United Kingdom apparently no longer need to disprove all possibility of deception. In permitting limited generic use of the *unregistered* mark "Treasure Cot," the Chancery Division recognized that insubstantial deception of the public should be no barrier to declaring a mark *publici juris*. Put conversely, "it is quite unnecessary for a Plaintiff . . . to prove that everybody will be deceived, or even that the majority will be deceived, so long as a *substantial class* of persons is likely to be involved."<sup>38</sup> This reformulation of the "Eureka" test only slightly lessens the burden of presenting a successful genericness defense.

The stringent "Eureka" test was consistently used when exclusive rights to an "invented" or "fancy" word were in question.<sup>39</sup> British and

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34. *Id.* at 629, 634.

35. *Id.* at 626-27 (James, L.J.).

36. 1897 R.P.D. & T.M. Cas. 720 (H.L.).

37. *Id.* at 727-31.

38. *Treasure Cot Co. v. Hamley Bros.*, 1950 R.P.D. & T.M. Cas. 89, 93 (Ch.) (emphasis added).

39. *See Burberrys v. J.C. Cording & Co.*, 1909 R.P.D. & T.M. Cas. 693, 699 (Ch.).

other Commonwealth courts, however, were less likely to find deception when the claimed words were not invented, but rather were existing words that descriptively named a product.<sup>40</sup> For instance, exclusive rights were denied to such unregistered words as "Malted Milk,"<sup>41</sup> "Post Office" directory,<sup>42</sup> "Prophylactic" tooth brushes,<sup>43</sup> "Flaked Oatmeal,"<sup>44</sup> "Hop Bitters,"<sup>45</sup> and "Slip-On" coats.<sup>46</sup> In these cases, the question still remained one of deception, but as noted in the "Slip-On" decision, the plaintiff's burden of establishing a probability of deception was "greatly increased."<sup>47</sup> When a clear secondary meaning was established in exceptional circumstances, exclusive rights were granted, as in the "Camel Hair Belting"<sup>48</sup> and "Stone Ale"<sup>49</sup> cases.

40. See generally KERLY, *supra* note 19, § 16-35; H. FOX, *THE CANADIAN LAW OF TRADEMARKS AND UNFAIR COMPETITION* 525-26 (3d ed. 1972).

41. *Horlick's Malted Milk Co. v. Summerskill*, 1916 R.P.D. & T.M. Cas. 63 (H.L.) (passing off action refused even though plaintiff sold "Malted Milk" in England on a large scale for 26 years using a secret process so that persons asking for "malted milk" had always received plaintiff's malted milk).

42. *Kelly v. Byles*, 13 Ch. D. 682 (Ch. App. 1880) (no deception and no secondary meaning).

43. *Cordes v. R. Addis & Son*, 1923 R.P.D. & T.M. Cas. 133 (Ch.) ("prophylactic" refers to a particular shape and make of a tooth brush).

44. *Parsons Bros. v. John Gillespie & Co.*, 1897 R.P.D. & T.M. Cas. 57 (P.C.) (Austl.).

45. *Hop Bitters Mfg. Co. v. Luke*, [1884] 10 Vict. L.R. 234 (Austl. Eq.).

46. *Burberrys v. J.C. Cording & Co.*, 1909 R.P.D. & T.M. Cas. 693 (Ch.).

47. *Id.* at 701.

48. In *Reddaway v. Banham*, 1896 A.C. 199, the plaintiffs had been for many years the sole manufacturers of a belting for machinery which they had advertised and sold under the name of "Camel Hair Belting." The defendants had commenced manufacturing belting of the same kind and selling it as "camel hair belting." The plaintiffs sought to enjoin the defendants from using the term "camel hair" in such a manner as to deceive purchasers into the belief that they were purchasing belting of the plaintiff's manufacture. The defendants maintained that their belting was made substantially of camel's hair and thus were simply making a literally true statement. The following questions were submitted to the jury:

(1) Does 'Camel Hair Belting' mean belting made by the plaintiffs, as distinguished from belting made by other manufacturers? Or (2) does it mean belting of a particular kind without reference to any particular maker? (3) Do the defendants so describe their belting as to be likely to mislead purchasers, and to lead them to buy the defendants' belting, as and for the belting of the plaintiffs? (4) Did the defendants endeavor to pass off their goods, as and for the goods of the plaintiffs, so as to be likely to deceive purchasers?

The jury answered questions 1, 3, and 4 affirmatively and question 2 negatively. Based upon the negative answer to question 2, the court enjoined the defendants from using the term. [1895] 1 Q.B. 286, 287 (C.A.). In affirming the decision, Lord Heschell stated:

The name of a person, or words forming part of the common stock of language, may become so far associated with the goods of a particular maker that it is capable of proof that the use of them by themselves without explanation or qualification by another manufacturer would deceive a purchaser into the belief that he was getting the goods of A when he was really getting the goods of B.

1896 A.C. 199, 210. The facts of the "Camel Hair Belting" case were exceptional. Appar-



### C. Patent-Expiry Rule

Intermixed with early trademark and unfair-competition law on trademarked generic words was the so-called patent-expiry rule. This rule was firmly established in British law by the Chancery Division in *Linoleum Manufacturing Co. v. Nairn*,<sup>50</sup> decided six years after the "Eureka" case. When the plaintiff's patents expired, the defendants proposed to produce and sell "Linoleum." The plaintiff argued that the word "Linoleum" was a fancy name that was applied to his invented substance and indicated the sole source of manufacture to the public. In rejecting the plaintiff's action to restrain the defendants' use of the term, Mr. Justice Fry held that the law would not require the defendants to invent a new name for the article.<sup>51</sup> This decision, following a line of earlier cases,<sup>52</sup> was viewed as establishing a rule that a new name used as a trademark during the life of a patent became open to the public upon expiration of the patent. Until others could make the product and were at liberty to call it by the same name, the plaintiff could not acquire an exclusive right to use that name on the ground

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ently, there was a general but mistaken belief that "Camel Hair" was a fancy name that had acquired the requisite secondary meaning. *See Canadian Shredded Wheat Co. v. Kellogg Co. of Canada*, [1938] 1 All. E.R. 618, 633 (P.C.) (Can.). In other cases plaintiffs have often failed to establish what was established in the "Camel-Hair Belting" case. *See, e.g., Cellular Clothing Co. v. Maxton*, 1899 R.P.D. & T.M. Cas. 397 (H.L.) (denying exclusive rights to "Cellular" for a new weave of cloth; plaintiff failed to meet the "very great," "almost impossible" burden).

49. *Montgomery v. Thompson*, 1891 A.C. 217. The plaintiffs and their predecessors in this case were in the brewing business at Stone, England. Since 1780, the public had called the ale brewed by the plaintiff "Stone Ale." The defendant built a brewery at Stone and began to use the words "Stone Ale" in connection with his products. The defendant's use of the term in a geographic sense was found to be deceptive, and the court enjoined him from selling, or causing to be sold, any ale or beer not of the plaintiffs' manufacture under the term "Stone Ale." The defendant had to describe its ale in a manner not calculated to cause passing off. *Id.* at 227-28.

50. 7 Ch. D. 834 (1878).

51. Justice Fry stated:

Plaintiffs . . . invented a new substance [and] gave to it the name of 'Linoleum.' [I]t does not appear that any other name has ever been given to this substance. It appears that the Defendants are now minded to make . . . that substance. I want to know what they are to call it. That is a question I have asked, but I have received no answer; and for this simple reason, that no answer could be given, except that they must invent a new name. I do not take that to be the law.

*Id.* at 836.

52. *See, e.g., Chevin v. Walker*, 5 Ch. D. 850 (Ch. App. 1877) (defendant could use "S.C.'s Patent Prize Medal Self-cleaning Rapid Water Filters" to describe the article made according to S.C.'s expired patent); *Wheeler & Wilson Mfg. Co. v. Shakespear*, 39 L.R.-Ch. 36 (1869) ("Wheeler & Wilson" open to use for describing sewing machines made according to certain principles embodied in expired patent); *Young v. Macrae*, 9 Jur. (n.s.) 322 (V.C. 1862) ("Paraffin" oil generic; process patent).

that it solely indicated the manufacture of the plaintiff and not that of another.<sup>53</sup> It was also thought that it should be "impossible [for] a man to prolong his monopoly by trying to turn a description of the article into a trade-mark."<sup>54</sup>

Later cases undercut the patent-expiry rule so that in certain circumstances the presence of deception inimical to business goodwill would prevent a competitor's use of a term among the public. For example, the word "Singer," held generic by the United States Supreme Court under the American patent-expiry doctrine,<sup>55</sup> was upheld as a valid nongeneric trademark in British courts, based upon the notion of deception of ordinary purchasers.<sup>56</sup> Further, in the notable 1902 "Vaseline" case, a split court of appeal distinguished the *Linoleum* precedent.<sup>57</sup> "Vaseline" was the name given to the invented substance under United States rather than English patents, and the substance "was never in England known solely [as] 'Vaseline' [which] has in England always been confined to the inventor's manufacture."<sup>58</sup>

#### D. Qualified Injunctive Relief

Although the test of genericness developed under the common law was stringent, the injunctive relief granted frequently displayed greater flexibility. In the "Eureka" case, the injunctive relief distinguished between different classes of buyers—the public and the sophisticated trade.<sup>59</sup> In cases where it was possible for the defendant to use the mark in question in a way that would not deceive the public, a qualified injunction was granted to preserve the possibility of competition. In the "Yorkshire Relish" litigation,<sup>60</sup> it was recognized that

persons in the trade might by an honest and strong endeavour, carried out effectually, so distinguish the [manufacture or] sale of the article which they are selling from the sales of the appellant's sauce

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53. *Linoleum Mfg. Co. v. Nairn*, 7 Ch. D. 834, 837 (1878). *But cf.* KERLY, *supra* note 19, § 16-43 (suggesting that when a plaintiff has had a monopoly in fact, the difficulty of showing the name to be distinctive is "increased").

54. *Chevin v. Walker*, 5 Ch. D. 850, 863 (1877). *See also infra* note 151 and accompanying text, discussing other rationales developed under United States law.

55. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1895) ("Singer" generic for sewing machines).

56. *Singer Mfg. Co. v. British Empire Mfg. Co.*, 1903 R.P.D. & T.M. Cas. 313, 319 (Ch.).

57. *In re Cheesebrough's Trade-Mark "Vaseline,"* [1902] 2 Ch. 1, (Ch. App.) ("Vaseline" also called "petroleum jelly").

58. *Id.* at 10-11.

59. *See supra* text accompanying notes 34-35.

60. *See supra* text accompanying notes 36-37.

. . . [so] as to prevent the possibility of the outside customer being deceived. . . . [I]f it can be done, the trade have a right to have that door left open to them.<sup>61</sup>

Injunctions under these circumstances frequently permitted use of the mark if the defendant succeeded in "clearly," "sufficiently," or "better distinguishing" its goods from those of the plaintiff.<sup>62</sup> Some courts candidly recognized the difficulties competitors faced in achieving such results. In "Yorkshire Relish" the court noted that "if it is impossible to comply with [the] conditions [of the qualified injunction] and yet profitably compete with the plaintiff (as probably it is) the defendants must drop the name."<sup>63</sup>

The British courts further refined injunctive relief in generic trademark litigation in the well-known "Corona" decision of 1923,<sup>64</sup> which dealt with the particular problems of oral transactions. In that case, "Corona" was a word that—for the majority of the public—identified the plaintiff's brand of cigar. The word, however, had also acquired for many people a meaning descriptive of a particular size and shape of cigar, irrespective of brand. The defendant, operating a well-known restaurant in London, was frequently asked for "Corona" cigars. Defendant supplied cigars not of the plaintiff's manufacture and was subsequently sued for passing off.<sup>65</sup> The trial court found that a request for a "Corona" cigar was ambiguous and issued a qualified injunction restraining the defendant

from selling or supplying in response to any order for 'some cigars, Coronas,' or 'Corona cigars,' or 'A Corona cigar,' or 'Coronas,' or 'a Corona,' cigars or a cigar not of the Corona brand, unless it be first clearly ascertained that the customer giving the order does not require cigars or a cigar of the Corona brand, and no other brand.<sup>66</sup>

On appeal, counsel for the appellant argued that it was impractical to have waiters explain to customers the distinction between "Corona" as an indication of a size and shape of cigar, into which all manufacturers put their best tobacco, and "Corona Coronas," a brand.<sup>67</sup> Perhaps

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61. *Powell v. Birmingham Vinegar Brewery Co.*, [1896] 2 Ch. 54, 91-92 (Ch. App. 1895), *appeal dismissed*, 1897 R.P.D. & T.M. Cas. 720 (H.L.).

62. *See* KERLY, *supra* note 19, §§ 16-98, at 441.

63. [1896] 2 Ch. 54, 79 (Ch. App. 1895), *appeal dismissed*, 1897 R.P.D. & T.M. Cas. 720 (H.L.).

64. *Havana Cigar and Tobacco Factories Ltd. v. Oddenino*, 1923 R.P.D. & T.M. Cas. 47 (C.A.).

65. *Id.* at 54, 57.

66. *Id.* at 58.

67. *Id.* at 51.

recognizing this dilemma, the court of appeal added the words "or unless it be made clear by word of mouth or otherwise that the cigar or cigars supplied is or are of a brand other than the plaintiffs'."<sup>68</sup> Despite the additional possibilities opened up by this modification of the "Corona" injunction, one would suspect that there remained a strong tendency for restaurants to supply only "Corona Coronas" in response to oral requests for "Corona" cigars.<sup>69</sup>

The "Corona" form of injunction has also been incorporated in a "declaration of rights"<sup>70</sup> when an injunction is not issued. In a defense to a passing off action based upon the plaintiff's unregistered trademark in the *Treasure Cot* case, the defendant, a retailer of toys, maintained that the term "Treasure Cot" had become merely descriptive of a type of cot, which, when applied to a toy cot for dolls, was *publici juris*.<sup>71</sup> As in "Corona", a portion of the public used the term to mean a particular type of cot rather than a brand name. Under these circumstances, the court held that the plaintiffs were "entitled to have their reputation protected, but not . . . to have an absolute monopoly in these words in the field of toys" and entered a declaration of rights in a "Corona" form.<sup>72</sup>

## II. STATUTORY DEVELOPMENTS

The enactment of trademark legislation, beginning in the late nineteenth century, substantially modified the law of trademarks in the Commonwealth countries. In 1875, the Trade Marks Registration Act established the present trademark register in England.<sup>73</sup> The British Patents, Designs, and Trade Mark Act of 1883 permitted registration of "fancy" words or words not in common use.<sup>74</sup> In 1888, Parliament substituted "invented" for "fancy" in the 1883 Act and thus permitted

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68. *Id.* at 59, 63-64.

69. *Cf. id.* at 51 (observation by counsel for appellant that "the result will be that every restaurant will supply . . . Corona Coronas").

70. In modern practice, the decision of the court is often called a declaration of rights, particularly in Chancery cases. D. WALKER, *THE OXFORD COMPANION TO LAW* 341 (1980).

71. *Treasure Cot Co. v. Hamley Bros.*, 1950 R.P.D. & T.M. Cas. 89, 94 (Ch.).

72. *Id.* at 93. The declaration of rights was issued rather than an injunction because there was no threat by the defendants of continuing the acts of which the plaintiff complained. *Id.* at 94.

73. Trademarks Registration Act, 1875, 38 & 39 Vict., ch. 91. *See KERLY, supra* note 19, § 1-08; H. Fox, *supra* note 40, at 3. The 1875 Registration Act was preceded by the Merchandise Act of 1862, 25 & 26 Vict., ch. 38, which provided a statutory cause of action for damages and injunctive relief in cases where a forged or counterfeit trademark had been applied with fraudulent intent to any article for purpose of sale, manufacture, or trade. H. Fox, *supra* note 40, at 2.

74. Patents, Designs, and Trade Marks Act, 1883, 46 & 47 Vict., ch. 57, § 64(1)(c).

registration of "words having no reference to the character or quality of the goods."<sup>75</sup> The British Trade Mark Act of 1905 added a general class of registerable marks—those which are inherently adapted to distinguish goods as evidenced by the extent to which the user has in fact rendered said trademark "distinctive."<sup>76</sup> The last major revision was the Trade Marks Act of 1938, establishing the present law of trademarks in the United Kingdom.<sup>77</sup> Similar statutory developments took place elsewhere. In Canada, for example, a national register was established by the Trade Mark and Design Act of 1868.<sup>78</sup> It was amended on several occasions and subsequently replaced by the Unfair Competition Act of 1932<sup>79</sup> and later by the present Trade Marks Act of 1953.<sup>80</sup>

This section of the Article examines the various effects of statutory developments on genericness issues in four areas: (1) attempted registration of generic words; (2) statutory defenses to infringement, and removal of trademarks from the register on genericness grounds; (3) special protective statutory provisions designed to prevent loss of trademark rights by reason of the public's use of a trademark as a name or description of an article; and (4) statutory modification of the patent-expiry rule and enactment of a separate test of genericness for names of chemical elements or compounds.

## A. Registration of Generic Words

Section 12(1)(c) of the Canadian Trade Marks Act of 1953 prohibits registration of "the name in any language of any of the wares or services in connection with which [the trademark] is used or proposed to be used."<sup>81</sup> The prior Unfair Competition Act also contained a similar provision.<sup>82</sup> Australia, New Zealand, and the United Kingdom, unlike Canada, do not have an express statutory ban on the registration of generic words.<sup>83</sup> In these jurisdictions, generic words have nevertheless

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75. Patents, Designs, and Trade Marks Act, 1888, 51 & 52 Vict., ch. 50, § 10.

76. Trade Marks Act, 1905, 5 Edw. 7, ch. 15, § 9(5).

77. Trade Marks Act, 1938, 1 & 2 Geo. 6, ch. 22.

78. Trade Mark and Design Act, 1868, 31 Vict., ch. 55. See H. Fox, *supra* note 40, at 6.

79. Unfair Competition Act, 1938, 22 & 23 Geo. 5, ch. 38.

80. Trade Marks Act, 1952-1953, CAN. REV. STAT. ch. T-10 (1970).

81. *Id.* at § 12(1)(c). See generally H. Fox, *supra* note 40, at 140-41.

82. Unfair Competition Act, 1938, 22 & 23 Geo. 5, ch. 38, § 26(1)(e).

83. Similarly, no direct prohibition on the registration of generic words exists under federal trademark legislation in the United States. See 1 J. MCCARTHY, *supra* note 7, § 12:18, at 441. Section (2)(e) of the Lanham Act, 15 U.S.C. § 1052(e) (1976), which prohibits registration of "merely descriptive" words, however, has been interpreted to prohibit registration of generic terms on the ground that they are incapable of distinguishing the applicant's goods from those of others. 1 J. MCCARTHY, *supra* note 7, § 12:18, at 441.

been refused registration on the ground that they are not within the statutory criteria for registration. For example, under the British Trademark Registration Act of 1875, the court of appeal refused to permit an attempted registration claim for exclusive use of the words "Carbolic acid" in the mark "Carbolic acid soap powder." These words could not be considered as distinguishing the brand of a particular person.<sup>84</sup> Similarly, registration under the British Trade Marks Act of 1883 was refused to "Gem" air guns because it indicated a type of gun to the public, without reference to a particular manufacturer and thus was not a "fancy" word.<sup>85</sup> Under the 1905 British Act, registration of "Diamine" for dyes was refused on the ground that it was based upon a known chemical term indicating a certain composition, and thus it had an impermissible "direct reference to the character" of the goods.<sup>86</sup> In 1910, a Chancery Division decision rejected the registration application for "Gramophone" based upon evidence making it clear that "to the general public the word . . . now denotes a talking machine . . . a particular type of talking machine, and denotes this without any connotation of the source of manufacture."<sup>87</sup> Under the current British Act, words used as the names of products such as "Portogram" and "Synotophore" have been refused registration in opposition proceedings because they lacked distinctiveness.<sup>88</sup>

In general, there appear to be relatively few recently litigated cases dealing with refusals to register generic words in the jurisdictions studied.<sup>89</sup> It may be that the various registrars and courts have been able to prevent the exclusive appropriation of words in the public domain by registration.<sup>90</sup> One cannot be certain, however, that registration of ge-

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84. *In re Hudson's Trade Marks*, 1886 R.P.D. & T.M. Cas. 155, 162 (C.A.).

85. *In re Arbenz' Application*, [1887] 35 Ch. 248, 265 (Ch. App.).

86. *In re Leopold Cassella & Co.'s Application*, 1910 R.P.D. & T.M. Cas. 453, 460 (C.A.). See also *Application of E. M. Bowden's Patents Syndicate Ltd.*, 1909 R.P.D. & T.M. Cas. 205 (Ch.) (name of patented article refused registration for lack of distinctiveness).

87. *In re Gramophone Co.'s Application*, [1910] 2 Ch. 423, 431.

88. *Portogram Radio Elec. Co.'s Application*, 1952 R.P.D. & T.M. Cas. 241 (Hearing Officer) ("Portogram" held to be the name of a combined portable gramophone and record player); *Elliot Optical Co.'s Application*, 1952 R.P.D. & T.M. Cas. 169 (Ass't Comptroller) ("Synotophore" held to be the name of a type of optical instrument). Cf. *In re R. Demuth Ltd.'s Application*, 1948 R.P.D. & T.M. Cas. 342 (Hearing Officer) (registration of "Seda Seltzer" allowed despite objection from the holder of the "Alka-Seltzer" mark; "seltzer" common to the trade and a generic description).

89. See generally KERLY, *supra* note 19, § 8-48, at 125-27.

90. Perhaps a factor in the apparent lack of litigation concerning refusals to register allegedly generic words is the provision of informal advice by the Registrar. Section 42 of the 1938 British Act empowers the Registrar to state whether the mark is *prima facie* distinctive. See Trade Marks Act, 1938, 1 & 2 Geo. 6, ch. 22, § 42; KERLY, *supra* note 19, § 8-02.

neric words in these countries is not taking place, as some proceedings suggest that common names may occasionally be registered.<sup>91</sup>

## B. Statutory Defenses to Infringement and Removal of Trademarks from the Register

The trademark acts have in various ways made possible defenses based upon genericness when an alleged infringer has been sued by the owner of a registered mark. The British Trade Marks Act of 1938 provides a defense for the "use by any person of any bona fide description of the character or quality of his goods."<sup>92</sup> This defense is qualified so as to forbid such use in a manner that suggests a person has the right to use the plaintiff's trademark.<sup>93</sup> New Zealand's statute tracks this language.<sup>94</sup> In Australia, there is a defense to infringement for "use in good faith by a person of a description of the character or quality of his goods."<sup>95</sup> This defense apparently subsumes genericness. A Western Australia Supreme Court decision in 1967 concerning the registered word "Laundromat" allowed a "generic theme" defense which, in that case, was rejected due to insufficient evidence.<sup>96</sup> Finally, in Canada, alleged infringers may argue that they are making a bona fide use of an "accurate description of the character or quality of . . . wares or serv-

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91. See, e.g., *Shredded Wheat Co. v. Kellogg Co. of Gr. Brit.*, 1939 R.P.D. & T.M. Cas. 137 (H.L.) ("Shredded Wheat" generic at time of registration); *Westinghouse Elec. Corp. v. Thermopart Pty. Ltd.*, 1968 W. Austl. R. 39 (1967) ("Laundromat" infringed). Cf. "Daiquiri Rum" Trade Mark, 1969 R.P.D. & T.M. Cas. 600 (H.L.) ("Daiquiri Rum" wrongly entered on Register).

92. Trade Marks Act, 1938, 1 & 2 Geo. 6, ch. 22, § 8(b).

93. *Id.* Cf. *A.V. Roe & Co. v. Aircraft Disposal Co.*, 1920 R.P.D. & T.M. Cas. 249 (Ch.) (decided under earlier trademark act). In *A.V. Roe*, the plaintiff manufactured airplanes which it marketed under its registered trademark, "Avro." During World War I, airplanes using the plaintiff's design had been manufactured for the government by other manufacturers. The defendants had acquired several of these airplanes from the Aircraft Disposal Board of the Ministry of Munitions. The plaintiff sought to restrain the defendants from selling these aircraft as "Avro" airplanes. The court enjoined the defendants from selling, or offering for sale, as "Avro" goods, airplanes not being of the plaintiff's manufacture, but permitted the defendants to sell aircraft made according to the plaintiff's design as "Avro type" or "type Avro" airplanes. *Id.* at 250-51.

94. New Zealand Trade Marks Act, 1953, § 12(b), OFFNER'S INTERNATIONAL TRADE-MARK SERVICE 1630, 1634 (2d ed. 1981).

95. Australian Trade Marks Act, 1955-1958, § 64(b), OFFNER'S INTERNATIONAL TRADE-MARK SERVICE 1047, 1060 (2d ed. 1981).

96. *Westinghouse Elec. Corp. v. Thermopart Pty. Ltd.*, 1968 W. Austl. L.R. 39, 44-47 (S. Ct. 1967) (permitting a "generic theme" to be developed in evidence and argument, but holding that although some people in Australia used the word "Laundromat" in a general sense, it had not achieved a generic meaning). See also *James A. Jobling & Co. v. James McEwan & Co.*, 1933 Austl. L.R. 183 (Vict.) ("Pyrex" and "Pyrexware" was a "bona fide description of the character [of the goods]" under an earlier Australian trademark act).

ices . . . in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade mark."<sup>97</sup> This defense may include genericness, as the Canadian "Yo-Yo" case implies.<sup>98</sup>

In addition to these defenses, various statutory procedures exist for the removal of trademark registrations.<sup>99</sup> Based upon these procedures, some registrations of generic words have been expunged. For example, in an 1894 appeal from the Chief Judge in Equity of the Supreme Court of New South Wales, Australia, the Privy Council reviewed the right to register "Maizena" in Australia as a mark for starch or flour made from maize. "Maizena" was ordered expunged from the register because it had become at the time of registration *publici juris*. Though invented and once distinctive, and probably still distinctive in other areas of the word, "Maizena" was not a valid registration in New South Wales.<sup>100</sup>

In the 1910 litigation in which "Gramophone" was refused registration on the ground of lack of distinctiveness, the Chancery Division indicated that the *time* at which the issue of distinctiveness was to be measured for purposes of removal under the British Act was the time at which registration took place, not at the time of the petition for re-

97. Trade Marks Act, 1952-1953, CAN. REV. STAT. ch. T-10, § 20 (1970).

98. Cheerio Toys & Games, Ltd. v. Dubiner, 1966 S.C.R. 206, 219-21 (defendants attempted to raise genericness of the registered mark, "Yo-Yo," but were estopped from disputing its validity because the defendant had previously assigned the mark to the plaintiff).

99. See, e.g., British Trade Marks Act, 1938, 1 & 2 Geo. 6, ch. 22, § 32 (rectification of register); Trade Marks Act, 1952-1953 CAN. REV. STAT. ch. T-10, § 43 (1970) (amendment of register). It should be noted that the early British trademark acts, however, did not provide for removal. The lack of such a provision created certain inconsistencies, as noted in the *Gramophone* decision. *In re Gramophone Co.'s Application*, [1910] 2 Ch. 423, 436 ("It . . . was in effect asked at the trial, why such words as, for example, 'Pianola' or 'Vaseline' should be on the Register . . . if 'Gramophone' were refused registration").

100. National Starch Mfg. Co. v. Munn's Patent Maizena & Starch Co., 1894 A.C. 275 (P.C.) (Austl.). See also *Wolfe v. Alsop*, [1886] 12 Vict. L.R. 887 (Vic. Sup. Ct. F.C.) (Austl.) ("*Schnapps*" *publici juris*); *S.M.T. Gramophone Co. v. Itonia Gramophone Co.*, 1931 R.P.D. & T.M. 309 (Ch.) ("*Consolette*" gramophone removed from register); *James A. Jobling & Co. v. James McEwan & Co.*, [1933] Austl. L.R. 183 (Vic.) ("*Pyrex*" expunged from Australian register); *Waterman v. Ayres*, [1888] 39 Ch. 29 (Ch. App.) ("*Reversi*," registered under the 1883 British Patents, Designs & Trade Marks Act, removed from register). In this case, Lord Justice Fry stated:

The plaintiff . . . invented this new game, to which he gave the name 'Reversi.' He had a very large sale for this game, and the consequence was that the word 'Reversi' had amongst persons conversant with games come to describe this particular game. Now that which is the only name of a thing cannot, it seems to me, be a fancy word with regard to it.

*Id.* at 38.



moval.<sup>101</sup> In other words, a registered mark which *subsequently became* nondistinctive could not be removed from the register. The Supreme Court of Canada, following the dictum of *Gramophone*, held "Aspirin" to be a valid trademark in 1924 despite evidence that it had become a widely used generic word since registration.<sup>102</sup> This decision is at odds with Learned Hand's famous 1921 opinion rendering aspirin a generic word capable of being used by all competitors in their sales to the public in the United States.<sup>103</sup> To this day, "Aspirin" is still a valid trademark in Canada, with competitors forced to sell their brand of "a.s.a."<sup>104</sup>

The dictum of *Gramophone* was confirmed by the House of Lords in the 1939 British *Shredded Wheat* decision.<sup>105</sup> According to leading commentators, it appears settled under British law that once a mark has been validly registered, it "does not cease to be validly registered merely because at some later date distinctiveness is lost. . . ."<sup>106</sup> This same rule applies to a mark "whose original registration is by virtue of section 13 . . . no longer open to question [even if] at some later date distinctiveness . . . is found never to have existed."<sup>107</sup> Section 13 of the 1938 Act creates a conclusive presumption of validity of the original registration after a mark has been registered for seven years.<sup>108</sup>

Canada, however, has legislatively reversed the doctrine that an initially distinctive registered mark could not be removed from the reg-

101. *In re Gramophone Co.'s Application*, [1910] 2 Ch. 423, 436-37 (dictum).

102. *Bayer Co. v. American Druggists' Syndicate, Ltd.*, 1924 S.C.R. 558. *Cf.* *General Motors Corp. v. Bellows*, 1949 S.C.R. 678 ("Frigidaire" expunged on the ground that it was a nondistinctive, uninvented word at time of registration).

103. *See Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921). The British Board of Trade cancelled the registration of "Aspirin" under special wartime legislation provisions in 1915. *See Bayer Co. v. American Druggists Syndicate, Ltd.*, 1924 S.C.R. 558, 567.

104. Telephone interview with Professor Jack Roberts, University of Western Ontario (April 15, 1982). "A.s.a." refers to the chemical composition of aspirin, acetylsalicylic acid. "Aspirin" is still a valid trademark in several countries. 51 TRADE-MARK REP. 53 (1961).

105. *Shredded Wheat Co. v. Kellogg Co. of Gr. Brit.*, 1939 R.P.D. & T.M. Cas. 137, 147-48 (H.L.). *Accord Elliot Optical Co.'s Application*, 1952 R.P.D. & T.M. Cas. 169, 172 (Ass't Comptroller).

106. KERLY, *supra* note 19, § 11-12.

107. *Id.*

108. British Trade Marks Act, 1938, 1 & 2 Geo. 6, ch. 22, § 13 (referring to Part A of the British Register). *But cf.* South African Trade Marks Act, 1963, §§ 41(1), 42(b), OFFNER'S INTERNATIONAL TRADEMARK SERVICE 1968, 1708 (2d ed. 1981) (no conclusive presumption of validity if the trademark "consists of a word which has become generally recognized by the public as the only practicable name or description for any article or substance for which it is registered and has commonly been so used by persons conducting business in relation to" articles or substances other than those of the registered owner).

ister on the ground that it had subsequently become nondistinctive.<sup>109</sup> The Canadian Act expressly provides that registrations are invalid if "the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced."<sup>110</sup> In 1969, the Exchequer Court of Canada substantially undermined this legislative position by its decision in *Aladdin Industries v. Canadian Thermos Products, Ltd.*<sup>111</sup> Aladdin Industries, following its victory in United States courts which resulted in non-exclusive rights to "Thermos,"<sup>112</sup> petitioned to expunge "Thermos" from the Canadian register. Rejecting expert-opinion evidence on genericness, skeptically admitting evidence from dictionaries and reference books, and noting its inability to fashion complex equitable relief, the Exchequer Court ruled against Aladdin. The court did so despite its own finding that "thermos" and "thermos bottle" "were used and understood by persons of average education and intelligence in ordinary society as generic words . . . synonymous with 'vacuum bottle' in English and 'bouteille isolante' in French."<sup>113</sup> The court also found that an "appreciable portion" of the population in Canada knew and recognized the distinctive significance of respondent's mark "Thermos." No definite percentages, said the court, could be ascertained for that portion, but their numbers were "many not a few."<sup>114</sup> The court then purported to evaluate consumer and competitive risks associated with expungement of "Thermos."<sup>115</sup> In short, the court favored a minor deception harmful to business goodwill over a great potential for consumer confusion and harm stemming from Aladdin's competitive disadvantage. Thus, the result was similar to that which would have traditionally prevailed under "Eureka," which permitted exclusive rights to continue unless the trademark had become so public and universal that no one could be deceived by a competitor's use of the mark.<sup>116</sup>

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109. Trade Marks Act, 1952-1953, CAN. REV. STAT. ch. T-10, § 18(1)(b) (1970). Australia also appears to have legislatively reached the same result. See Australian Trade Marks Act, 1955-1958, §§ 60, 61(1)(c), OFFNER'S INTERNATIONAL TRADEMARK SERVICE 1047, 1059 (2d ed. 1981). See also *F.H. Faulding & Co. v. Imperial Chem. Indus. Ltd.*, 112 C.L.R. 537 (Austl. 1965) ("Barrier Cream").

110. Trade Marks Act, 1952, CAN. REV. STAT. ch. T-10, § 18(1)(b) (1970). See H. Fox, *supra* note 40, at 316.

111. [1969] 2 Can. Exch. 80.

112. See *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

113. [1969] 2 Can. Exch. at 113.

114. *Id.* at 114-16.

115. *Id.* at 119-21.

116. See *supra* notes 30-38 and accompanying text.

### C. Protective Statutory Provisions

Many of the changes included in the British Trade Marks Act of 1938 followed recommendations in the Report of the Departmental Committee on Trademarks presented to Parliament in 1934.<sup>117</sup> The Report reflected the view, according to leading commentators, that trademark owners should be given "a more effective monopoly and wider facilities in acquiring and dealing with [trademarks]."<sup>118</sup> One of the recommended changes, incorporated into section 15, provides that trademark registrations do *not* become invalid "by reason only" of any "use," after registration of the trademarked words, as the "name or description of an article or substance." If such use, however, becomes "well known and established" among "trade" persons in connection with goods other than those of the trademark holder, *then* a mark consisting solely of that word or those words is deemed to be wrongly remaining on the register and thus subject to removal.<sup>119</sup> Such a mark

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117. REPORT OF THE DEP'T COMMITTEE ON THE LAW AND PRACTICE RELATING TO TRADE MARKS (1934) [hereinafter cited as the GOSCHEN REPORT].

118. KERLY, *supra* note 19, § 1-12. By providing a means for removal of trademarks generic to the trade from the register, these provisions have ironically expanded the risks associated with loss of exclusive trademark rights under British law. This irony results from the House of Lords decision in *Shredded Wheat*, *infra* note 143 and accompanying text, which held one year after the enactment of those provisions that for purposes of proceedings to remove trademarks, distinctiveness could only be judged at the time of registration. Thus, but for these protective provisions, marks becoming generic after registration could never be removed from the register.

119. 1 & 2 Geo. 6, ch. 22, § 15. See generally W. CORNISH, *INTELLECTUAL PROPERTY: PATENTS, COPYRIGHTS, TRADE MARKS AND ALLIED RIGHTS* 549-51 (1981). The Committee had recommended:

We think that the evidence shows clearly the need for some protection for an advertised trade-mark which as a result of such advertisement has been adopted by the public as a descriptive name of the article to an extent beyond the power of the trade-mark proprietor to control. This tendency on the part of the public is no doubt due largely to the fundamental changes that have taken place in recent years in the function and use of trade-marks. Under modern conditions it is customary to build up the business around the trade-mark by advertisement, and it is beyond the control of the trader to prevent the public from identifying and ordering goods by reference to the mark and from using the mark as the name of the article. The common law rule appears therefore to be based upon obsolete conditions, and to be a source of embarrassment to traders, and we suggest that provision should be made by legislation for overcoming these difficulties by reversing the existing rule, but subject to the conditions which we specify. We do not believe that such an alteration in the law will operate to confer on the proprietor of the mark any monopoly in the sale of the goods to which he has applied it. It may give him an initial advantage over his competitors, but not more, we think, than is due him in respect of his being first in the field and of his expenditure in research, development and advertising.

We accordingly recommend that a provision be inserted in Section 6 to the

also containing "other matters" may remain on the register subject to the entry of a disclaimer of exclusive use of the mark.<sup>120</sup> For purposes of any other legal proceedings relating to the trademark, "all rights of the proprietor, whether under the common law or by registration" to exclusive use are deemed to have ceased on the date the "trade" use "first became well known and established."<sup>121</sup> This loss of rights relates not only to the article or substance concerned, but also to any goods "of the same description."<sup>122</sup> The protective language of section 15 is wholly reproduced in New Zealand's Act and very substantially in the Australian Act.<sup>123</sup> It is not found in the Canadian Act.

Surprisingly, only one significant case has been litigated under section 15. In the 1969 "*Daiquiri Rum*" Trade Mark case,<sup>124</sup> rectification of the trademark "Daiquiri Rum" was sought on the ground that there was a well-known and established use of the mark among the trade as the name of an article or substance: a cocktail, made of rum, known as a Daiquiri. The trademark holder argued that "an article or substance" meant an article or substance within the scope of the registration and that because the mark was registered for rum only, rum

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effect that the rights, whether under common law or by Statute, of the proprietor of a registered word trade-mark should not be prejudiced by the fact that that word is or has become used as the name or description of an article or substance, unless it is proved that there has been and is a well-known and established use of such word in the course of trade by some person other than the proprietor of the trade-mark or a registered user, to describe in trade the particular article or substance, not being goods having any connection in the course of trade with the proprietor of the trade-mark or a registered user. In the last mentioned case, either such word should no longer be deemed to be a distinctive mark and should be removable by the Court or the Registrar from the Register on the application of any person aggrieved, or the Court or the Registrar should be empowered to give such other relief as may be suitable in the circumstances.

GOSCHEN REPORT, *supra* note 117, at 80, reprinted in Derenberg, "*Shredded Wheat*": *The Still-Born Trade-mark*, 16 N.Y.U. L. REV. 376, 395-96 (1939).

120. 1 & 2 Geo. 6, ch. 22, § 15(2)(b).

121. *Id.* § 15(2)(c).

122. *Id.* § 15(2)(a), (b).

123. New Zealand Trade Marks Act, 1953, § 24, OFFNER'S INTERNATIONAL TRADE-MARK SERVICE 1630, 1637-38 (2d ed. 1981). Australian Trade Marks Act, 1955-1958, § 56, OFFNER'S INTERNATIONAL TRADEMARK SERVICE 1047, 1058-59 (2d ed. 1981). Since Australia appears to have reversed the British rule that distinctiveness for purposes of removal of trademarks from the register is to be judged at the time of registration and not at the time of the proceedings to remove the mark, *supra* note 109, the effect of these provisions in Australia is truly protective. But for these provisions, Australia's law would likely follow that of Canada, allowing genericness challenges at any time on grounds to be determined no doubt with reference to the common law.

124. "*Daiquiri Rum*" Trade Mark, 1969 R.P.D. & T.M. Cas. 600 (H.L.).

cocktails fell outside the scope of the registration.<sup>125</sup> Reversing the court of appeal, the House of Lords ruled that a well-known and established use by the trade in relation to "goods of the same description" was sufficient to invalidate the registration under section 15.<sup>126</sup>

The effect of section 15 is to afford "[w]ord marks which are adopted by the public as the name of the goods, if registered, . . . more favorable treatment . . . than was the case before the Act,"<sup>127</sup> with the result that such marks "may have great commercial value."<sup>128</sup> Thus, these sections encourage a trademark holder to register a mark and thereafter encourage the public to adopt it as the name of the article, while at the same time vigorously pursuing a program to ensure that "the trade [does] not adopt a similar practice."<sup>129</sup> Two tests of genericness have therefore been created. Unregistered marks or registered marks forming the basis for common-law actions are judged under the demanding deception test of "Eureka." Registered marks, when infringement relief is sought, are protected by statutory provisions that are purposefully more demanding than "Eureka."<sup>130</sup>

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125. *Id.* at 608.

126. *Id.* at 609. *See also* Wheatcroft Bros. Trade Marks, 71 R.P.D. & T.M. Cas. 43 (Ch. 1953) (registrations for rose varieties removed from British register) (pleaded under section 15, but not decided under that section).

127. KERLY, *supra* note 19, § 1-14. *Cf. In re* Gramophone Co.'s Application, [1910] 2 Ch. 423, 436 ("To induce the public to adopt a catching word as the name of the article to which it is applied, especially if the article be comparatively new, it is only necessary to advertise the article on a sufficiently large scale under that name . . . . Such a procedure would, or might, have been fatal to any remedy based upon common law rights, but does not affect the value of a registered mark the distinctiveness of which is assumed and need never be proved").

128. KERLY, *supra* note 19, § 11-21. *Cf. In re* Gramophone Co.'s Application, [1910] 2 Ch. 423, 436 ("It may, therefore, be in the interests of the registered [owner] that the word should lose its distinctiveness so far as the public [is] concerned [thereby obtaining] a practical and perpetual monopoly in the article itself"); *Burberrys v. J.C. Cording & Co.*, 1909 R.P.D. & T.M. Cas. 693, 708 (Ch.) (with the example of "Vaseline" before them, "it is not unlikely that the ingenuity of manufacturers or traders should be devoted to devising a similar mode of procedure in the case of their own goods, for a monopoly thus obtained may be more valuable than any Patent").

129. KERLY, *supra* note 19, § 11-21. In contrast, the South African trademark law specifically discourages this course of action by providing for removal of a mark from South African register if the trademarked word becomes generally recognized by the public as the only practical name or description and has been so used by the trade. South African Trade Mark Act, 1963, § 41(1), OFFNER'S INTERNATIONAL TRADEMARK SERVICE 1698, 1708 (2d ed. 1981).

130. *See* KERLY, *supra* note 19, § 1-14. Kerly suggests that the more favorable treatment of words adopted by the public as the name of the goods under § 15 may have the effect of modifying the common-law rules in this regard. *Id.*

#### D. Statutory Modification of the Patent-Expiry Rule and the Special Statutory Test for Names of Chemical Elements or Compounds

The British Trade Marks Act of 1905 was amended in 1919 to give statutory effect to the patent-expiry rule of the "Linoleum" case. Under section 6(1), all exclusive rights, both under the Act and at common law, ceased if the trademark was "the name or [the] only practicable name of [an] article or substance" manufactured under a patent upon its expiration.<sup>131</sup> Section 15 of the 1938 Act modifies this rule by providing that the owner of such a mark loses exclusive rights only if it remains "the only practicable name or description of the article or substance" *after a period of two years* following the cesser of the patent.<sup>132</sup> Similar provisions are included in the Australian and New Zealand, but not the Canadian, trademark acts.<sup>133</sup>

Apparently, the practical effect of the 1938 change is to force competitors to adopt or invent some alternative name if they begin to manufacture and market the formerly patented goods during the first two years after the patent's expiration.<sup>134</sup> It has thus been suggested that the result of this modification may be that "the prospect of the patentee preserving his trademark is much increased."<sup>135</sup> It is ironic that the patent-expiry rule, which at common law was a powerful force in determinations of genericness, as codified, serves to insulate trademark holders from loss of exclusive rights. The authors have been unable to find any example of a loss of trademark rights under the statutory modifications of the patent-expiry rule.

Section 6(2) of the 1919 British Act restricted the registration—and provided for removal—of a word that was "the only practicable name or description of any single chemical element or single chemical compound, as distinguished from a mixture."<sup>136</sup> Section 15(3) of the 1938 British Act carries this provision forward, but substitutes "commonly used and accepted name" for the phrase "the only practicable

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131. 9 & 10 Geo. 5, ch. 79, § 6(1) (1919). See KERLY, *supra* note 19, § 11-22. This section also provided for removal of such marks from the British register.

132. 1 & 2 Geo. 6, ch. 22, § 15(1)(b).

133. See New Zealand Trade Marks Act, 1953, § 24(1)(b), OFFNER'S INTERNATIONAL TRADEMARK SERVICE 1630, 1637 (2d ed. 1981); Australian Trade Marks Act, 1955-1958, § 56(2)(b), OFFNER'S INTERNATIONAL TRADEMARK SERVICE 1047, 1058 (2d ed. 1981); H. FOX, *supra* note 40, at 292.

134. See KERLY, *supra* note 19, § 11-22; Derenberg, *supra* note 119, at 395 n.57. Cf. *supra* note 51.

135. KERLY, *supra* note 19, § 11-22.

136. 9 & 10 Geo. 5, ch. 79, § 6(2).

name.”<sup>137</sup> This provision does not affect words that “denote only a brand or make” of the element or compound of the trademark holder when they are used “in association with a suitable name or description open to the public use.”<sup>138</sup> Similar provisions are included in New Zealand’s trademark law, but not that of Canada or Australia.<sup>139</sup> Again, the authors have been unable to locate any example of a loss of trademark rights under these special provisions.<sup>140</sup>

### III. CONTRASTING DEVELOPMENTS OF THE LAW IN THE UNITED STATES

In the preceding sections, we have traced the common-law and statutory development of the law of trademarked generic words in Britain, Canada, Australia, and New Zealand. In this section, we briefly examine the sharply contrasting approach of the law in the United States.

#### A. “Primary Significance” Test in the United States

In 1938, the Privy Council, on appeal from the Court of Appeal for Ontario, Canada, upheld a genericness defense to an infringement and unfair-competition suit concerning the “Shredded Wheat” trademark.<sup>141</sup> The Privy Council’s decision was influenced by the patent-expiry rule and generic use of the mark by its holder. From the outset of the opinion, the assumption was that “Shredded Wheat” was the name of the product; nonetheless, it was apparent that the Privy Council thought that if the Canadian Shredded Wheat Co. could have adequately shown distinctiveness, exclusive rights would have been enforced.<sup>142</sup> The House of Lords *Shredded Wheat* decision, upholding defendant’s petition to remove the mark from the British register for lack of distinctiveness at the time of registration, substantially re-

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137. 1 & 2 Geo. 6, ch. 22, § 15(3).

138. *Id.*

139. New Zealand Trade Marks Act, 1953, § 24(3), OFFNER’S INTERNATIONAL TRADE-MARK SERVICE 1630, 1638 (2d ed. 1981). *See also supra* note 129 (South African trademark law).

140. *Cf.* “Manganin” Trade Mark, 1967 R.P.D. & T.M. Cas. 271 (Board of Trade 1966) (“Manganin” alloy); “Terramycin” Trade Mark, 1966 F.S.R. 339 (Hearing Officer) (failure of proof in rectification and opposition proceedings; under the provisions of section 15(3), “Terramycin” not shown to have become the commonly used and accepted name for a particular type of antibiotic).

141. Canadian Shredded Wheat Co. v. Kellogg Co. of Canada, [1938] 1 All E.R. 618 (P.C.) (Can.).

142. *Id.* at 627, 631-33. *See Derenberg, supra* note 119, at 404-05.

produces the opinion of the Privy Council.<sup>143</sup>

At the same time, rights to the unregistered "Shredded Wheat" mark were also being litigated in the United States.<sup>144</sup> The United States Supreme Court decision in that case marked a turning point in American law on genericness. In upholding Kellogg's genericness defense, Justice Brandeis' reasoning mixed the patent-expiry and unfair-competition doctrines.<sup>145</sup> In the course of the opinion, however, Justice Brandeis stated the current test of genericness in the United States, which focuses on the consuming public's understanding of the "principal" or "primary significance" of trademarked words.<sup>146</sup> Thus, if a majority of the relevant consuming public regarded a word as denominating a product category rather than its source, the word would principally be a generic term, and exclusive rights to its use would be lost.<sup>147</sup> This test has since been utilized in a wealth of United States infringement and declaratory judgment decisions determining genericness.<sup>148</sup>

## B. The Patent-Expiry Rule in the United States

The English patent-expiry rule of the *Linoleum* case<sup>149</sup> was ap-

143. See *Shredded Wheat Co. v. Kellogg Co. of Gr. Brit.*, 1939 R.P.D. & T.M. Cas. 137 (H.L.).

144. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938).

145. *Id.* at 116-20. See generally *Derenberg*, *supra* note 119, at 378-80.

146. 305 U.S. at 118. See *Folsom & Teply*, *supra* note 2, at 1327-28.

147. McCarthy explains the operation of this test in the following manner:

[When] some customers regard [a] term as generic, while others regard it as a [source-significant] mark, the term must be placed either in the 'generic' pigeon-hole or in the 'trademark' category. For example, if a survey showed that 75 per cent of the people regarded the word as generic, then that is its 'principal significance.' Even if the seller educates a few customers to use the generic term as a mark, it is still principally generic. . . . If, on the other hand, 75% of the public regarded the term as a trademark for certain goods, then that term would be principally a trademark. Consumer survey evidence is admissible to show how prospective purchasers regard the term at issue.

1 J. MCCARTHY, *supra* note 7, § 12.2, at 408 (footnotes omitted).

148. Not all courts in the United States have followed the "primary significance" test. In *Marks v. Polaroid Corp.*, 129 F. Supp. 243, 270 (D. Mass. 1955), *aff'd*, 237 F.2d 428 (1st Cir. 1956), *cert. denied*, 352 U.S. 1005 (1957), the Court held that the mark must have lost *all* of its trademark significance to the consuming public as a whole before it will be considered generic. On this basis, the court held that use of the "Polaroid" mark had not "come to be so public and in such universal use that nobody [could] be deceived by the use of it," despite its finding that "one would have to be blind to deny that there has been a widespread generic use of the word 'polaroid.'" *Id.* The test in *Polaroid* is identical with that used under the British common law, *supra* notes 30-38 and accompanying text, and in modern United States trademark law represents an aberration.

149. See *supra* notes 50-54 and accompanying text.



plied in a number of decisions in the United States, including the United States Supreme Court's *Singer* decision of 1895.<sup>150</sup> These decisions rationalized the expiry rule in terms of either a legal presumption of genericness once the underlying patent expired or an implied agreement or consent by the patentee to dedicate the mark to the public upon expiration.<sup>151</sup> Later American cases and commentators—especially after the “primary significance” test fully emerged—have rejected the rule.<sup>152</sup> Genericness is instead a question of fact to be resolved by the same principles applicable to trademarked words appearing on nonpatented products, without the operation of a presumption against the patentee.<sup>153</sup>

### C. Federal Trademark Legislation

No specific prohibition against the registration of generic words, such as that found in the Canadian Act,<sup>154</sup> exists in the Lanham Trademark Act of 1946, the current United States trademark law.<sup>155</sup> The Lanham Act has, however, been interpreted to deny registration to generic words, even if distinctiveness or secondary meaning could be proved.<sup>156</sup> The Lanham Act does specifically provide for cancellation of a mark if *at any time* it “becomes the common descriptive name of

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150. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 194 (1895). *See also* *Warren Featherbone Co. v. American Featherbone Co.*, 141 F. 513, 516-17 (7th Cir. 1905); *Centaur Co. v. Heinsfurter*, 84 F. 955, 958-59 (8th Cir. 1898). The courts even developed a “copyright-expiry rule.” *See, e.g.*, *Merriam Co. v. Syndicate Publishing Co.*, 237 U.S. 618 (1915).

151. *See, e.g.*, 163 U.S. at 199 (consent theory); *Yale Towne Mfg. Co. v. Ford*, 203 F. 707, 709 (3d Cir. 1913) (implied agreement); *Frank W. Whitcher Co. v. Sneierson*, 205 F. 767, 769 (D. Mass. 1913) (legal presumption).

152. *See, e.g.*, 1 J. MCCARTHY, *supra* note 7, § 12-17, at 439-40; 1 J. GILSON, *supra* note 1, § 2.02[3], at 2-21.

153. *See* RESTATEMENT OF TORTS § 735 comment b (1938); *Handler & Picknett, Trade-Marks and Trade Names—An Analysis and Synthesis*, 30 COLUM. L. REV. 168, 187 (1930). *Cf. Lysol (Can.) Ltd. v. Solidol Chem. Ltd.*, 1933 Can. Exch. 21 (1932) (upon patent expiry, whether or not the name of a patented article is descriptive of the article itself is a question of fact under Canadian law).

154. *See supra* note 81 and accompanying text.

155. Lanham Trademark Act, 15 U.S.C. §§ 1051-1127 (1976). The United States Supreme Court declared unconstitutional the first federal law providing for national registration of trademarks nine years after it was enacted. The basis of the Court's decision was that Congress had not limited the enactment to interstate or foreign commerce. *Trade-Mark Cases*, 100 U.S. 82 (1879). In 1881, a new statute was passed providing for the registration of trademarks used in commerce with Indian tribes and foreign commerce. Registration of fanciful and arbitrary trademarks used in interstate commerce was permitted under a 1905 act. It was supplemented in 1920 and then replaced by the 1946 Lanham Act. *See generally* 1 J. MCCARTHY, *supra* note 7, § 5.4.

156. *See Folsom & Teply, supra* note 2, at 1327 n.29.

an article or substance, patented or otherwise.”<sup>157</sup> The “primary significance” test has often been used in cancellation proceedings under the Lanham Act.<sup>158</sup> Nothing in the Lanham Act parallels the protective provisions that bar evidence of public use in genericness litigation under the British, New Zealand, and Australian Acts,<sup>159</sup> nor are there any provisions which codify the patent-expiry rule or specifically treat chemical elements or compounds.<sup>160</sup>

The Lanham Act further provides that no incontestable exclusive rights can be obtained for trademarked words which are “the common descriptive name of any article or substance, patented or otherwise.”<sup>161</sup> This latter provision ensures that genericness defenses can be raised in infringement or declaratory judgment proceedings.<sup>162</sup>

#### IV. COMPARATIVE ANALYSIS

This section comparatively evaluates the developments in Commonwealth and United States law affecting trademarked generic words. This evaluation will examine several issues evident from the contrasting legal approaches described above: Does the “Eureka” test of genericness—deception of the public—encourage transactional efficiency? Does a “property rights” approach to trademarks adequately serve the public interest? Should trademarks that become generic be protected from deregistration? Should understanding or usage by the trade or the public be determinative of trademark rights? How should the existence of patent rights affect rights to a trademark used in connection with the patented product? Should chemical elements or compounds be treated specially under the law? What is the utility of remedial approaches like the “Corona” injunction? Our stated position is that economic considerations ought to be given decisive weight in answering

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157. Lanham Trademark Act, § 14(c), 15 U.S.C. § 1064(c) (1976).

158. See 3 R. CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* § 74 (3d ed. 1967).

159. See *supra* notes 117-23 and accompanying text.

160. See *supra* notes 136-39 and accompanying text.

161. Lanham Trademark Act, § 15(4), 15 U.S.C. § 1065(4) (1976).

162. See Folsom & Teply, *supra* note 2, at 1331. The Lanham Act further provides that it shall be a defense to trademark infringement, even when incontestable rights have been obtained, if the alleged infringing use was “otherwise than as a trade or service mark . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party.” 15 U.S.C. § 1115(b)(4) (1976). See Kaul, *First Amendment Considerations*, in PRACTISING LAW INST., COURSE HANDBOOK NO. 141, *GENERIC TRADEMARKS* 53, 66-67 (1981).

questions such as these.<sup>163</sup>

#### A. An Evaluation of the Property Rights Approach to Genericness Issues and the Deception Rationale

The historical basis for the intervention of courts of equity in trademark cases has been to protect property rights. Early in this litigation, it was recognized that "there is no such thing as a monopoly or a property in the nature of a copyright, or . . . a patent, in the use of any name."<sup>164</sup> But equity courts recognized a property interest in the goodwill associated with marks used by manufacturers to identify their goods. On this basis, courts refused to allow competitors to appropriate that goodwill by deceiving the purchasing public by use of those marks.<sup>165</sup> This protection of "intellectual property," as it is called, is perfectly sound in the case of properly functioning trademarks. Our sense of fairness and protection of the public dovetails to produce a rational economic result: distributional efficiencies are enhanced, a constant level of quality is promoted, search costs are reduced, and advertising is facilitated.<sup>166</sup>

It is evident that the deception test for genericness determinations established by "Eureka" results from the court's view that a trademark holder owns property which must be protected by the courts. The strict "Eureka" test—"whether the mark has come to be so public and in such universal use that nobody can be deceived"—was applied to "invented" or "fancy" words created by the trademark owner.<sup>167</sup> In many instances, the trademark holder had promoted the mark, at great expense, as the name of a type of product *and* as a source-significant word. In "Eureka" for instance, over 7000 pounds sterling had been spent on advertising.<sup>168</sup>

The Commonwealth courts were less exacting, and properly so, in their approach to existing descriptive words, by requiring a clear showing of "secondary meaning" and a high probability of deception before exclusive trademark rights would be upheld.<sup>169</sup> In this regard, it is noteworthy that United States courts have often failed to adequately

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163. See Folsom & Teply, *supra* note 2, at 1352-54 (proposing a transactional efficiency test).

164. Singer Mfg. Co. v. Loog, 18 Ch. D. 395, 412 (Ch. App. 1879).

165. See *supra* notes 24-29 and accompanying text.

166. See *supra* notes 2-7 and accompanying text.

167. See *supra* note 39 and accompanying text.

168. Ford v. Foster, [1872] 7 Ch. 611, 614 (Ch. App.).

169. See *supra* notes 40-49 and accompanying text.

distinguish generic marks (product names) from descriptive marks (describing product attributes).<sup>170</sup> Though overlap will be inevitable when descriptive trademarked words have also become product names, such as "Shredded Wheat," differentiating between these types of marks helps to clarify the law and the relevant economic issues.<sup>171</sup> Nevertheless, the property rights orientation of the common law explains the willingness of the Privy Council and the House of Lords to consider permitting exclusive rights to such words if adequate showings of distinctiveness and potential deception were made.<sup>172</sup>

When a trademark begins to perform a generic function, a tension, as noted at the outset of this Article, is created.<sup>173</sup> This tension is between the public's interest in promoting competition and removing information barriers that enhance search costs on one hand and the protection of business goodwill on the other. In such circumstances, an overemphasis on property concepts may lead the court to ask the wrong questions. In a prior article critiquing, from an economic perspective, the current United States legal test of genericness and methods of proof, we proposed that the test for genericness should stay centered on the basic economic rationale for extending legal protection to trademarks: the beneficial functions that they perform in the marketplace. We concluded that when a trademark ceased to perform those beneficial functions, legal protection ought to be denied, even at the expense of the loss of some goodwill.<sup>174</sup> Under this approach, legal rights would be determined by analyzing whether market transactions would proceed more efficiently or less efficiently if the trademark holder were allowed to retain exclusive use of the mark.<sup>175</sup>

In focusing on loss of goodwill and the deception test, "Eureka" and its progeny continued rights to invented or distinctive trademarks if they retained virtually *any* source significance, regardless of generic usage or understanding. United States courts can be criticized for making the issue a binary proposition: a word is a valid trademark if the majority consider it to be *primarily* a source-significant term, with the opposite result if the majority views it as a generic term.<sup>176</sup> The basis

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170. See Folsom & Teply, *supra* note 2, at 1351-52 (citing examples).

171. While we have not extensively analyzed descriptive trademarks from an economic standpoint, it appears that the transactional efficiency problems they may pose are significantly less important than those surrounding trademarked generic words.

172. See, e.g., *supra* notes 137-39 and accompanying text.

173. See *supra* notes 11-14 and accompanying text.

174. Folsom & Teply, *supra* note 2, at 1336, 1359.

175. *Id.* at 1352.

176. *Id.* at 1350-51.

for this criticism is the fact that the "primary significance" test fails to take into account that a trademarked word for some consumers may perform a hybrid function, identifying *both* the source and the name of the product.<sup>177</sup> The deception rationale prevailing at common law is an extreme binary proposition: the public, judged as a whole, is either completely deceived or completely undeceived by the alleged infringing generic use. This test, therefore, is even more flawed.

In most cases involving genericness, a true reflection of how the trademark functions in the marketplace will involve three categories of consumers: those for whom the mark is solely source-significant and not the generic name of the product; those for whom the mark lacks any source significance and is the generic name of the product; and those for whom it performs both functions. After identifying these categories of consumers by means of survey questions or otherwise, we have suggested that in close cases the effect on consumer search costs and entry barriers to new firms should be carefully examined. Such an analysis would include factors such as whether the ultimate buyers are well-informed, sophisticated purchasers; whether effective alternative names are available; how the product is marketed; whether the product is purchased primarily on the basis of experience or test purchases; and whether invisible product-category attributes or characteristics are associated with the trademark words.<sup>178</sup> These are questions that courts applying the deception rationale in genericness cases are not likely to address for two reasons: first, the deception test is a binary proposition, and second, the property rights orientation of that test may render courts insensitive to marketplace realities surrounding trademarked generic words.<sup>179</sup> The "primary significance" test of the United States at

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177. *Id.* at 1350, 1352.

178. *Id.* at 1352-53.

179. Only on rare occasions have the Commonwealth courts even mentioned economic considerations, but there are a few examples. *See* *Liebig's Extract of Meat Co. v. Hanbury*, 17 L.T.R. (n.s.) 298, 302 (V.C. 1867) ("However small the difference may appear, yet it is a well-known thing in commerce that a short name is a matter of considerable importance, and to call it 'Liebig's extract of meat,' instead of calling it an extract of meat after Liebig's prescription, would not be of inconsiderable importance with regard to a ready sale in the market"). In the "Daiquiri Rum" case, Lord Pearce observed:

Daiquiri cocktails had by then become well-known on their own merits, with help from certain writers of fiction. They were cocktails based on light Cuban rum. To a large extent the rum used had been BACARDI rum. The trade mark DAIQUIRI RUM must obviously be an advantage in promoting the sale of rum for use in Daiquiri cocktails. When mixing these the mind instinctively leans, and the hand instinctively reaches, towards the bottle of DAIQUIRI RUM rather than to the bottle of BACARDI or any other brand. To the sophisticated bar tender or drinker this impulse may be entirely negated, if he knows that BACARDI or

least acknowledges that consumers and competitors can be informationally handicapped when faced with a trademarked generic word. The "Eureka" approach contains no such acknowledgment.

## B. Trade Versus Public Use and Understanding of Trademarked Generic Words

Common-law cases in the jurisdictions reviewed have distinguished between trade and public use and understanding of trademarked generic words.<sup>180</sup> Such an approach has also been evident in certain United States decisions, such as Judge Hand's "Aspirin" decision preserving Bayer's trademark rights in sales to pharmacists and physicians but not in sales to the general public.<sup>181</sup> Such an approach has merit. Exclusive rights ought to be evaluated within each relevant consuming universe, *i.e.*, each group of consumers who may *ultimately* rely on the trademarked word in making purchasing decisions. This identifying process is best accomplished by analyzing the potential sales markets involved, most notably the general public and sophisticated business users, and by ascertaining how the trademark is employed in marketing the product.<sup>182</sup> Some cases in the Commonwealth jurisdictions, especially with reference to remedies, have been sensitive to these distinctions in approaching genericness issues.<sup>183</sup>

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other brands are the more usual base, or if he has a view that the latter are quite as good as or better than DAIQUIRI RUM for the purpose. But when a less sophisticated person mixes Daiquiris behind a bar or buys a bottle of rum so that he can give his friends Daiquiri cocktails, not only subconscious instinct, but also conscious reflection, would seem to indicate that the right choice is DAIQUIRI RUM. It is not possible to deny the existence of an impulse (whether corrected by sophisticated knowledge or not) to use DAIQUIRI RUM for making Daiquiri cocktails. Indeed, the proprietors clearly acknowledged and emphasised this impulse when they laced their opening advertising campaign with constant references to the delights of Daiquiri cocktails.

"Daiquiri Rum" Trade Mark, 1969 R.P.D. & T.M. Cas. 600, 614 (H.L.). *See also supra* notes 115-16 and accompanying text (Canadian "Thermos" case).

180. *See supra* notes 34-35, 38 and accompanying text.

181. *See* Bayer Co. v. United Drug Co., 272 F. 505, 510, 513-15 (S.D.N.Y. 1921).

182. Folsom & Teply, *supra* note 2, at 1347-48.

183. *See supra* notes 59-61 and accompanying text. In *Armstrong Oiler Co. v. Patent Axlebox & Foundry Co.*, 1910 R.P.D. & T.M. Cas. 362 (Ch.), the defendant supplied oilers of their own make when an order was received for an "Armstrong Oiler," which was the plaintiff's trademark. Although the defendant clearly indicated on the invoice that it was supplying an "Armstrong Type Oiler," the plaintiff argued that "Armstrong Oiler" was like "Yorkshire Relish" and should be protected because there were physical differences between the oilers. *Id.* at 368. The Chancery Division, however, noted that the buyers were sophisticated, limited primarily to railway purchasing agents. According to the court, the defendant's customers understood quite well and expected to receive oilers made by the defendant, with "Armstrong Oiler" denoting the name of a product. Thus, there was no risk of deceiv-

The protective provisions of the British, Australian, and New Zealand Acts, on the other hand, appear to eliminate a relevant universe from consideration: the general public. These provisions are consistent with a manufacturer's interest in developing the most effective advertising of the product, making its trademark a household word.<sup>184</sup> A manufacturer with a registered trademarked generic word, particularly one who is first in the market, can gain at the expense of other producers. Such remarkably anticompetitive results were intended.<sup>185</sup> But what of the general consuming public? At first blush, the report from which those protective provisions are drawn is adequately reasoned: the practice of the general public cannot be legally controlled, but the practice in the trade can be controlled by suit, as in the "Eureka" case.<sup>186</sup> Nevertheless, a manufacturer has the opportunity to introduce a short and easily used word along with its trademark so that the probability of the public adopting the mark as a generic term by natural linguistic tendency is substantially reduced.<sup>187</sup> Manufacturers can and usually do police their mark for improper usage in the media and dictionaries.<sup>188</sup> Furthermore, elimination of a relevant consuming universe from consideration is diametrically opposed to the fundamental proposition that trademark protection ought to be coextensive with the beneficial functions that trademarks perform in the marketplace. The effect of these statutory protective rules is to *promote* the creation of consumer information barriers and to heighten consumer search costs. Like the common-law "Eureka" approach, these statutory provisions are

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ing unwary purchasers. *Id.* at 369. See also *Singer Mfg. Co. v. British Empire Mfg. Co.*, 1903, R.P.D. & T.M. Cas. 313, 319 (Ch.) (to the ordinary purchasers there was nothing known as the "Singer" system; only known to the inner circle of the trade); *Singer Mfg. Co. v. Loog*, 18 Ch. D. 395 (Ch. App. 1879) (sophisticated buyers, tailors and seamstresses). Cf. *Elliott Optical Co.'s Application*, 1952 R.P.D. & T.M. Cas. 169, 172 (Ass't Comptroller) (recognition of limited buying public and their sophistication in refusal to register "Synotophore" for certain types of optical instruments under the 1938 British Act).

184. "From a marketing point of view, the ideal situation for a trade mark is for it to become, in the mind of the public, synonymous with the goods. Indeed much advertising is designed to achieve this end." GUIDEBOOK TO AUSTRALIAN TRADE MARKS LAW (CCH) ¶ 703, at 100 (1979). See also *Folsom & Teply*, *supra* note 2, at 1337-38 (discussing "free advertising" effect of public use of a firm's trademark as a generic term).

185. See *supra* text accompanying note 118.

186. *Id.* See also "Daiquiri Rum" Trade Mark, 1969 R.P.D. & T.M. Cas. 600, 607 (H.L.) (argument of counsel).

187. See E. VANDENBURGH, TRADEMARK LAW AND PROCEDURE § 6.20 (2d ed. 1968) (outlining precautionary steps in adopting marks for new products or processes).

188. See J. CALIMAFDE, TRADEMARKS AND UNFAIR COMPETITION § 5.03 (1970) (suggesting a policing policy).

extraordinarily biased against the introduction of economic analysis into the law of trademarked generic words.

Nonetheless, these protective provisions could be read more harmoniously with the public interest by recognizing that marks can simultaneously function as name and source-significant words even to the trade. Such interpretations would be consistent with a transactional economic approach and would not necessarily lead to removal of marks from the register. For example, this approach might preserve rights to a hybrid mark where there is an adequate alternative name and the product is low-priced and bought on the basis of test or experience purchases.

### C. Patent-Expiry Rules

One benefit of a patent-expiry rule is that it is clear and easy to apply. It can aid competitors by relieving them of the burden of showing genericness in cases where it would be unfair to let the inventor retard competition by inhibiting the use of the accepted name of a product. On the other hand, the rule has the potential for being over-inclusive, causing trademark loss when no enhancement of consumer search costs exists and competitors are not handicapped. Many of the early patent-expiry cases can be explained in terms of other factors, such as misuse of the trademarked word by patent holders, failure to provide an alternative common name to call the product, or blatant attempts to extend the harvest of economic rewards for patent procurement. One commentator has characterized the rule as an example of "monopoly fright."<sup>189</sup> Furthermore, the legal fictions embodied in the theories underlying the patent-expiry rule potentially clash with logic and justice. In the United States, these fictions led to the development of various express exceptions to the automatic genericness rule prior to its complete rejection.<sup>190</sup> The result was a jurisprudential labyrinth

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189. L. HOLMQVIST, *supra* note 9, at 264.

190. See, e.g., *McIlhenny Co. v. Bulliard*, 265 F. 705, 710 (W.D. La. 1920) (rule does not apply where the trademark preceded the patent); *Ironite Co. v. Cement Waterproofing & Ironite Co.*, 20 F. Supp. 603, 605 (E.D. Pa. 1937) (rule does not apply where the patent, although validly granted, was later declared invalid before expiration of 17-year grant); *President Suspender Co. v. MacWilliam*, 238 F. 159 (2d Cir. 1916) (rule does not apply where there is another descriptive name in common use by which the public could call the product); *Sanford-Day Iron Works v. Enterprise Foundry & Mach. Works*, 130 Tenn. 669, 172 S.W. 537 (1915) (only the name of the patentee becomes generic upon expiration of the patent, not the name of the manufacturer of the patented product); *Buffalo Specialty Co. v. Van Cleef*, 227 F. 391 (7th Cir. 1915) (no application where the patent covered a combination of elements and the trademark designated the source of one unpatented element);



which would be best avoided by rejecting common-law or statutory patent-expiry rules, even those premised upon the existence of effective alternative names.<sup>191</sup>

The presence of an expired patent, however, should have some evidentiary value in determinations of genericness. Faced with a trademarked product under the control of only one source during the patent period, there is an inference that the public may adopt the trademarked word as the generic name of the patented product. In circumstances where no alternative common name has been provided or is available, this inference should be a strong one.<sup>192</sup>

The lack of an effective alternative common name is frequently a problem when trademarked words appear on patented pharmaceuticals.<sup>193</sup> The separate (and different) statutory test in force in New Zealand and the United Kingdom for trademarked chemical elements or compounds displaces the patent-expiry rule and recognizes the central importance of suitable alternative names.<sup>194</sup> The use of such a test is an important step in the direction of basing genericness determinations for trademarked pharmaceuticals on transactional efficiency. It would seem preferable, however, to retain more flexibility in deciding such cases than seems possible under these statutory provisions, leaving to the court the weighing of hybridity, search costs, invisible attributes associated with the mark, and purchasing patterns (*e.g.*, prescription drugs versus nonprescription drugs).

#### D. Remedial Approaches to Trademarked Generic Words

Remedies in genericness cases decided in the Commonwealth countries and the United States share a common concern: protection of those for whom the mark functions solely as an indication of source. United States courts, in cases like *Thermos*<sup>195</sup> and *Cellophane*,<sup>196</sup> have worked hard to design remedies to protect that minority of the purchasing public who perceived the trademarked word only as a brand name. These measures have included requiring competitors to use reasonable

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*Hughes v. Alfred H. Smith Co.*, 209 F. 37 (2d Cir. 1913) (no application when different trademarks for the same patented item are used).

191. See *supra* notes 131-33 and accompanying text.

192. But see 1 J. GILSON, *supra* note 1, at § 2.02[3] at 2-21 ("patent coverage raises no . . . evidentiary advantage whatever").

193. See Folsom & Teply, *supra* note 2, at 1344 (citing examples).

194. See *supra* notes 137-38 and accompanying text.

195. *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

196. *DuPont Cellophane Co. v. Waxed Prods. Co.*, 85 F.2d 75, 82 (2d Cir. 1936), *cert. denied*, 299 U.S. 601 (1936).

care to inform the public of the source of the product ("Sylvania's cellophane"),<sup>197</sup> restrictions on the use of "original" or "genuine,"<sup>198</sup> and restrictions on a competitor's use of capital letters (such as prohibiting Aladdin from capitalizing "thermos").<sup>199</sup> Injunctive orders by the courts of the Commonwealth countries have likewise been concerned with protecting that minority. Conditional injunctions permitting a competitor to use the trademarked term if it could adequately distinguish its use to prevent deception have often been granted.<sup>200</sup> It is in the area of common-law remedies, therefore, that the greatest similarity between United States and Commonwealth approaches to trademarked generic words is to be found.

The fundamental difference between these two approaches, however, is apparent in borderline cases and is a result of the differing legal standards used to determine genericness. While the United States courts, at least in some instances, would seek to prevent confusion after free use of a mark claimed as a trademark is made available, they also recognize that *some* confusion is still likely to result. In such instances, as the United States Court of Customs and Patent Appeals has observed, "[a] certain amount of purchaser confusion may even be tolerated in order to give the public the advantages of free competition."<sup>201</sup> In contrast, the Commonwealth jurisdictions tip the balance in the other direction. The risk is placed on competitors that any significant confusion will result in infringement or unfair competition.<sup>202</sup>

Implicit in the legal tests and remedial approaches used by the Commonwealth courts is the dominance of the concept of protecting a firm's goodwill. In a number of cases, the courts have expressed concern about the fact that not only would the plaintiff lose trade custom, but also that the plaintiff's reputation would be damaged by the defendant selling inferior goods. In the "Yorkshire Relish" case, for example, the court noted on several occasions that the article was not identical, but only substantially identical.<sup>203</sup>

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197. *Id.*

198. *See, e.g.,* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577, 581 (2d Cir. 1963).

199. *Id.*

200. *See supra* note 62 and accompanying text.

201. *In re Deister Concentrator Co.*, 289 F.2d 496, 504 (C.C.P.A. 1961).

202. *See, e.g.,* Powell v. Birmingham Vinegar Brewery Co., [1896] 2 Ch. 54, 79 (Ch. App.), *appeal dismissed*, 1897 R.P.D. & T.M. Cas. 720 (H.L.) ("The defendants have had full warning of the difficulties . . . and of the risk they would run if they attempted to do what they have in fact done. They have deliberately tried an experiment and it has failed").

203. 1897 R.P.D. & T.M. Cas. at 728-29, 731-32.

The tension in the situations posed in the "Yorkshire Relish" and other cases arises from the hybrid nature of the mark—it is a name and has source-significance—which carries with it the quality assurance of a properly functioning trademark.<sup>204</sup> If in fact the mark impedes rather than promotes efficient transactions, careful remedial measures are the best method for balancing the public's interest in competition and the public's need to identify particular products of a certain quality by shorthand means. If the alleged infringing use is outside the product category, as in the "Angostura Bitters" case where the bitters were completely different in taste and color,<sup>205</sup> use of the term ought to be enjoined. On the other hand, competition on the merits ought to prevail when the products are substantially identical.<sup>206</sup> In the latter case, provided the bottles and labels are substantially different, some experiential education and risk on the part of the public may be justified. The public will learn, for example, to recognize the difference between "The Celebrated Yorkshire Relish Prepared and Sold by Goodwill, Backhouse & Co." and the "Yorkshire Relish Manufactured by the Birmingham Vinegar Brewery Co. Ltd."

The "Corona" injunction presents a special case where the court attempted to deal with the problem of an ambiguous oral request.<sup>207</sup> It was ambiguous because for some persons the word was a product name, for others it had no source significance, and for still others it performed a dual function simultaneously identifying not only a type of cigar but also a specific brand.<sup>208</sup> Remedially, "Corona" may represent a viable approach to the special problems associated with oral transactions and hybrid trademarked words. But such injunctions should be adopted as a proper solution only after a full consideration of the transactional situation. Is a cigar smoker really likely to be deceived if a waiter brings a different brand? Are the cigars marked with any form of brand identification, such as a cigar band? Is the

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204. See *supra* notes 4-6 and accompanying text.

205. *Siebert v. Findlater*, 7 Ch. D. 801 (1878).

206. See, e.g., *Horlick's Malted Milk Co. v. Summerskill*, 1916 R.P.D. & T.M. Cas. 63, 67 (H.L.) (no passing off even though the public, when they asked for "Malted Milk," had always received plaintiff's brand during the preceding 26 years; plaintiff unsuccessfully argued that defendant's article was different because plaintiff used a secret process). Cf. *Canham v. Jones*, 85 Eng. Rep. 302 (Ch. 1813) (no action lies when defendant represents not that he sells plaintiff's unpatented medicine, "Velno's Vegetable Syrup," but "one of as good a quality"; plaintiff had purchased the "secret recipe" from the prior maker; defendant was the prior maker's former employee).

207. *Havana Cigar & Tobacco Factories Ltd. v. Oddenino*, 1923 R.P.D. & T.M. Cas. 47, 51 (C.A.).

208. See *supra* notes 64-66 and accompanying text.

practical effect of such an order to encourage harassing threats or litigation effectively forcing restaurants to supply only "Corona Coronas"? Could such policing of trademarks facilitate monopolization or attempts to monopolize?<sup>209</sup>

Finally, neither United States nor Commonwealth *statutory* remedies in proceedings concerning genericness allow the kind of flexibility exhibited by the courts. Cancellation or rectification of trademark registries appears to be an all or nothing proposition.<sup>210</sup> Such inflexibility has caused trademark authorities to hesitate to remove exclusive trademark rights to admittedly generic words.<sup>211</sup> Moreover, such inflexibility ignores the marketplace functions of trademarks and deters the use of analyses of transactional efficiencies in the design of remedies.

## V. CONCLUSION

The authors have previously criticized the sweeping generalizations employed in American cases<sup>212</sup> on trademarked generic words for lack of consideration of important economic questions. Whatever the shortcomings of American law, however, they pale into insignificance when the state of the law in these foreign jurisdictions is considered. Much of the law in Australia, Canada, Britain, and New Zealand has yet to emerge from the nineteenth century. No significant consideration is given to basic economic analysis of search costs, hybridity, or relevant consuming universes. Moreover, the law fails to recognize that consumers and competitors can encounter serious difficulties when faced with trademarked generic words. Protection of business goodwill is the predominant value in these jurisdictions, to the exclusion of virtually all other considerations. Most notably, the protective statutory provisions of all Commonwealth countries except Canada effectively insulate trademarked generic words from cancellation. This comparative study of the law of trademarked generic words leads to the conclusion that economic analysis has much to offer these foreign jurisdictions.

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209. See Eaton, *What's In a Trade Name*, in PRACTISING LAW INST., COURSE HANDBOOK No. 141, GENERIC TRADEMARKS 77 (1981). See also Folsom & Teply, *supra* note 2, at 1345.

210. See Folsom & Teply, *supra* note 2, at 1355 & n.137. See also *supra* notes 121-23 and accompanying text.

211. See, e.g., *supra* notes 113-16 and accompanying text (Canadian "Thermos" decision).

212. Folsom & Teply, *supra* note 2, at 1333-34.

